



COPY

STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

MICHAEL F. EASLEY
GOVERNOR

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SECRETARY

September 22, 2008

Memorandum To: Division Engineers
From: W. S. Varnedoe, PE
Chief Engineer – Operations
Subject: Completing Projects on Time

We have all worked together very hard to develop metrics for project quality, budget and schedule for our construction projects. In order to accomplish our metric goals, we will have to work very hard with our industry partners and use the best strategies and procedures as we manage and build the public's projects together. In order to meet or exceed our goal for our project schedule metric, it is imperative that we maintain effective communication. Completing projects on time is a public expectation.

Our current procedure for monitoring project progress requires a "Letter of Concern" to be written to the Contractor from the Resident Engineer when more than 5% of the contract time has expired and no work has been performed or when a project is 10% or greater behind schedule (by time and/or dollars). After the "Letter of Concern" has been written, if the project progress continues to degrade to 15% or greater behind schedule, a "Show Cause Letter" is written to the Contractor from the State Construction Engineer. A meeting is also held at the central Construction Office to discuss how the project can be completed on time.

In many cases, our current procedures and practices result in writing a "Letter of Concern" without a meeting at the Division Engineer level to discuss how the project may be completed on time. Also, in most cases, when the progress degrades to greater than 15% behind schedule and a "Show Cause Letter" is written and a meeting is held, the opportunity to complete the project on time has greatly decreased.

To help ensure our projects are completed on time, we are revising our project schedule monitoring procedures as follows:

When more than 5% of the contract time has expired and no work has been performed or when a project is 10% or greater behind schedule (by time and/or dollars), a "Letter of Concern" will be written to the Contractor from the Division Engineer. This letter will establish a meeting date to discuss the project schedule with the Division Engineer and the Contractor.

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The letter will also require the Contractor to provide a written explanation of how the project completion date will be achieved. The Contractor will also be encouraged to submit any outstanding claims they may have for a time extension for NCDOT consideration. The Contractor's written response will include the major project operations remaining with target dates indicating when each item of work is expected to occur. The Contractor shall also outline any action they require of the Department to complete the project by the completion date.

After the process above has occurred, if a Contractor's progress degrades to 15% or greater behind schedule, the State Construction Engineer will write a "Show Cause Letter" to the Contractor. This letter will establish a meeting date to discuss the project schedule with the State Construction Engineer, the Division Engineer and the Contractor. This letter will also require the contractor to provide a written explanation of how the project completion date will be achieved and why the Contractor should not be removed from the NCDOT Prequalified Bidders List. The Contractor will also be encouraged to submit any outstanding claims they may have for a time extension for NCDOT consideration.

The intent of this new procedure is to enhance our project management with regard to project completion and to have effective communication earlier on projects as they begin to fall behind schedule. We have discussed this change with representatives of the AGC and they are in support of this approach. The desired outcome of this new procedure is to complete more projects on time and should not be misunderstood as a method to remove Contractors from the NCDOT Prequalified Bidders List.

Please share this information with your staff and discuss this with them so we may begin using this new procedure immediately. Thank you in advance for your help with implementing this new procedure to improve completing projects on time. If you have any questions regarding this procedure, please contact State Construction Engineer Ellis Powell at (919) 733-2210.

WSV/ecp

cc: W. F. Rosser, P.E., State Highway Administrator
J. G. Nance, P.E., Director of Field Support
E. C. Powell, Jr., P.E., State Construction Engineer
Division Construction Engineers
Resident Engineers
Bridge Construction Engineers
Roadway Construction Engineers